

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34

So Ordered.



Frank L. Kurtz  
Bankruptcy Judge

Dated: August 1st, 2013

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON**

IN RE:

ALL SERVICES, INC.,

Debtor.

Case No. 12-05110 FLK11

**FINDINGS OF FACT &  
CONCLUSIONS OF LAW RE:  
FINAL APPROVAL OF  
DISCLOSURE STATEMENT AND  
CONFIRMATION OF CHAPTER  
11 PLAN OF REORGANIZATION**

**FINDINGS OF FACT &  
CONCLUSIONS OF LAW**

-1-

**BAILEY BUSEY**  
411 North 2<sup>nd</sup> St.  
Yakima, Washington, 98901  
(509) 248-4282

1 This matter came on for hearing on August 1, 2013 on Debtor's request  
2  
3 for final approval of its 2nd Disclosure Statement ("**Disclosure Statement**")  
4  
5 (Docket No. 76) and confirmation of the Debtor's proposed Plan of  
6  
7 Reorganization ("**Plan**") (Docket No. 84). The Court has considered the  
8  
9 Declaration of Gary Johnson as well as any testimony elicited at the  
10  
11 confirmation hearing. Based upon the evidence, the Court hereby finds and  
12  
13 concludes as follows:

14 *I. Findings of Fact*

15 1. The Court has entered an order conditionally approving the  
16  
17 Disclosure Statement (Docket No. 83). In conditionally approving the  
18  
19 Disclosure Statement, the Court found that the Disclosure Statement likely  
20  
21 contained sufficient information and disclosure to allow creditors to make an  
22  
23 informed decision about voting on the Debtor's Plan. No objections to  
24  
25 approval of the Disclosure Statement have been filed since it was  
26  
27 conditionally approved. The Court has re-evaluated the Disclosure Statement  
28  
29 and confirms its finding that the Disclosure Statement contains adequate  
30  
31 information to allow creditors to make an informed decision about voting on  
32  
33 the Debtor's Plan.  
34

**FINDINGS OF FACT &  
CONCLUSIONS OF LAW**

1           2.     The Debtor gave proper notice of its Plan and the hearing on  
2  
3 confirmation of the Plan and final approval of the Disclosure Statement to  
4  
5 creditors and parties in interest as required by applicable provisions of  
6  
7 Bankruptcy law and Bankruptcy rules.

8           3.     The only class of claims which was impaired under the Plan was  
9  
10 Class 4 – Unsecured Creditors.

11           4.     The Debtor has properly filed the Report of Balloting, indicating  
12  
13 that 100% both as to amount and number of claims in Class 4 have accepted  
14  
15 the Plan.

16  
17           5.     The Plan has been accepted in writing by the creditors and equity  
18  
19 security holders whose acceptance is required by law.

20  
21           6.     The Plan complies with all provisions of Title 11 of the United  
22  
23 States Code as well as other applicable law.

24           7.     The Plan has been proposed in good faith and not by any means  
25  
26 forbidden by law.

27           8.     All payments made or promised by the Debtor under the Plan for  
28  
29 services or for costs and expenses in, or in connection with, the Plan and  
30  
31 incident to the case, have been fully disclosed to the Court and are reasonable  
32

1 and are hereby approved, or, if to be fixed after confirmation of the Plan, will  
2  
3 be subject to approval of the Court. No party is issuing securities or acquiring  
4  
5 property under the Plan.

6 9. After confirmation of the Plan, Gary Johnson, who is the sole  
7  
8 officer, director and owner of one hundred percent (100%) of the capital stock  
9  
10 of the Debtor, will continue to serve as the sole officer and director of the  
11  
12 Debtor. Gary Johnson will continue to manage the Debtor and receive a salary  
13  
14 of \$5,800/month during the term of the Plan. Gary Johnson's father, Jack  
15  
16 Johnson, will continue to serve the Debtor as a consultant at a monthly salary  
17  
18 of \$3,000.00 during the term of the Plan.

19 10. The retention of Mr. Gary Johnson and Mr. Jack Johnson  
20  
21 pursuant to the terms of the Plan is in the best interests of the Debtor, the  
22  
23 Estate and creditors because current management has demonstrated that they  
24  
25 can profitably run the Debtor's business in a way which is likely to result in  
26  
27 Plan payments being made.

28 11. Liquidation of the Debtor would likely result in a shortfall in  
29  
30 payment to the Class 3 priority claims of the Washington State Department of  
31  
32 Revenue and the Internal Revenue Service, meaning that in a chapter 7



411 North 2nd St.  
Yakima, Washington, 98901  
(509) 248-4282

**FINDINGS OF FACT &  
CONCLUSIONS OF LAW**

1 liquidation no funds would be available for distribution to Class 4 Unsecured  
2 creditors. Under the Plan, Class 4 Unsecured Creditors are receiving  
3 payments of one hundred percent (100%) of their allowed secured claims, with  
4 interest.  
5  
6

7  
8 12. All objections to confirmation of the Debtor's plan have been  
9 resolved.  
10

11 13. With respect to Class 4 (the only impaired class of claims under  
12 the Plan), each holder of a claim in such class has either: (a) accepted the Plan;  
13 or (b) will receive greater distributions under the Plan than if the case were  
14 converted to a case under chapter 7 of the Bankruptcy Code.  
15  
16  
17

18 14. Classes 1, 2, 3 and 5 are unimpaired or not entitled to vote on the  
19 Plan.  
20  
21

22 15. Class 2 constitutes the priority tax claims of the Internal Revenue  
23 Service and Washington State Department of Revenue pursuant to 11 U.S.C.  
24 §507(a)(8). The Plan provides for payment of the Class 2 claims in regular  
25 installments over a period no greater than five (5) years from the order for  
26 relief. The payments called for by the Plan will provide Class 2 claimants  
27 with a total value, as of the effective date of the Plan, equal to the allowed  
28  
29  
30  
31  
32  
33  
34

1 amount of such claims. The Plan calls for the payment of interest on such  
2  
3 Class 2 claims in the amount provided for by applicable law. Payments to  
4  
5 Class 2 claimants under the Plan are upon terms more favorable than those to  
6  
7 any other non-priority unsecured creditor.

8 16. The Debtor's operations during the course of the case (as  
9  
10 evidenced by the Debtor's monthly operating statements on file with the  
11  
12 Court), together with the Debtor's projections for post-confirmation payments  
13  
14 contained in the Disclosure Statement demonstrate that confirmation of the  
15  
16 Debtor's plan is not likely to be followed by liquidation or the need for further  
17  
18 financial reorganization.

19 17. The Plan provides for the payment of all United States Trustee  
20  
21 fees payable under 28 U.S.C. §1930.

22 18. The Plan provides for a settlement between the Debtor, Mr. Jack  
23  
24 Johnson and Central Engine Sales & Service, Inc. The terms of the settlement  
25  
26 are that:

27 18.1 Jack Johnson & Central Engine Sales & Service, Inc.  
28  
29 (“Released Parties”) will pay the Debtor the sum of \$50,000.00 (“Settlement  
30  
31 Funds”) on or before the Effective Date of the Plan.  
32

33  
34  
FINDINGS OF FACT &  
CONCLUSIONS OF LAW

BAILEY B BUSEY  
411 North 2<sup>nd</sup> St.  
Yakima, Washington, 98901  
(509) 248-4282

1 18.2 Upon payment of the Settlement Funds, the Released  
2  
3 Parties will be released from any and all claims which the Debtor or the Estate  
4  
5 may have against the Released Parties, including but not limited to any claims  
6  
7 under Title V of the United States Bankruptcy Code, any avoidance claims,  
8  
9 any preference claims or any claims to return of compensation paid to the  
10 Released Parties during the course of the Bankruptcy case.

11 18.3 The Released Parties will subordinate their Class 2 claims  
12  
13 to the claims of all other creditors under the Plan.  
14

15 19. The terms of the proposed settlement between the Debtor and  
16  
17 Released Parties were fully and adequately disclosed to creditors and parties in  
18  
19 interest. The Court approves the terms of the settlement between the Debtor  
20  
21 and the Released Parties according to the terms and conditions described in the  
22 Plan.  
23

24 20. All payments to insiders during the course of the case have been  
25  
26 disclosed.  
27

28 21. The Effective Date of the Plan is the day that is fourteen (14)  
29  
30 days after the date the order confirming the Plan is entered.  
31  
32  
33  
34

1           22.    Substantial Consummation of the Plan will occur upon the first  
2  
3 quarterly payment to unsecured creditors being made in accordance with the  
4 terms of the Plan.  
5

6       *II.    Conclusions of Law*  
7

8           Based upon the foregoing findings of fact, the pleadings filed in this  
9 case and the testimony provided at the confirmation hearing, the Court  
10 concludes that:  
11

12  
13           A.    The requirements for confirmation of the Plan imposed by the  
14 Bankruptcy Code, Federal Rules of Bankruptcy Procedure and other  
15 applicable law, including the requirements of 11 U.S.C. §1129 have been met.  
16  
17

18  
19           B.    The requirements for approval of the Disclosure Statement  
20 imposed by the Bankruptcy Code, Federal Rules of Bankruptcy Procedure and  
21 other applicable law, including the requirements of 11 U.S.C. §1125 have  
22 been met. The Disclosure Statement contains adequate information as  
23 required by 11 U.S.C. §1125.  
24  
25

26           C.    The Disclosure Statement should be approved.  
27  
28

29           D.    The Plan should be confirmed.  
30  
31  
32  
33  
34

1 E. To the extent that the above entered findings of fact are, in fact,  
2 conclusions of law, such findings are hereby incorporated into these  
3 conclusions of law and should be denominated as such.  
4

5  
6 F. The provisions of Chapter 11 have been complied with and the  
7 Plan has been proposed in good faith and not by means forbidden by law.  
8

9  
10 G. Any and all payments for which Bankruptcy Court approval is  
11 required, including authorization required by 11 U.S.C. §§327 and 330, shall  
12 remain subject to Bankruptcy Court approval notwithstanding confirmation of  
13 the Plan.  
14

15  
16  
17 H. The Debtor has disclosed the identity and affiliations of all parties  
18 who are to serve as officers and directors under the Plan. The Debtor has  
19 disclosed the identity of all insiders who will be paid a salary or consulting  
20 fees under the Plan. The Debtor's disclosures satisfy the requirements of 11  
21 U.S.C. §1129(a)(5).  
22  
23

24  
25  
26 I. No governmental regulatory commission is required to approve  
27 the Plan or the terms of the Plan.  
28

29  
30 J. The Debtor's Plan satisfies the requirements of 11 U.S.C.  
31 §1129(a)(7) in that the only impaired class (Class 4) has accepted the Plan.  
32

1 Each member of Class 4 will receive value, as of the effective date of the plan,  
2 that is not less than the amount such claimant would receive if the Debtor were  
3 liquidated under Chapter 7 of the Bankruptcy Code.  
4

5  
6 K. Class 4 is the only impaired class under the Plan. All other  
7  
8 classes have either: (a) accepted the Plan; or (b) are not impaired under the  
9  
10 Plan.

11  
12 L. Administrative Claims described by 11 U.S.C. §503(b) and 11  
13 U.S.C. §507(a)(2) are provided for as required by 11 U.S.C. §1129(a)(9).  
14

15 M. Priority Tax Claims of the Internal Revenue Service and  
16  
17 Washington State Department of Revenue are provided for as required by 11  
18 U.S.C. §1129(a)(9)(C) and other applicable law. Such priority tax claims will  
19  
20 be paid in full no later than five (5) years from the date of the order for relief  
21  
22 and at such interest rates as required by law.  
23

24 N. The only class of impaired claims has accepted the Plan and the  
25  
26 Plan therefore meets the requirements of 11 U.S.C. §1129(a)(10).  
27

28 O. Confirmation of the Plan is not likely to be followed by the  
29  
30 liquidation, or the need for further financial reorganization of the Debtors.  
31  
32  
33  
34



411 North 2<sup>nd</sup> St.  
Yakima, Washington, 98901  
(509) 248-4282

**FINDINGS OF FACT &  
CONCLUSIONS OF LAW**

1 P. The Effective Date of the Plan will be the date that is fourteen  
2  
3 (14) days following entry of the order of confirmation.

4 Q. Substantial confirmation of the Plan will occur only upon making  
5  
6 the first quarterly payment to Class 4 unsecured creditors as required by the  
7  
8 Plan.

9  
10 R. Creditors and parties in interest were given notice of the  
11  
12 confirmation hearing and no objections thereto were made, or if made, have  
13  
14 been withdrawn, resolved or overruled.

15 S. The settlement between the Debtor and the Released Parties is  
16  
17 beneficial to the Estate and its creditors. The settlement violates no provision  
18  
19 of applicable law is and is hereby approved as part of the Plan.  
20

21  
22 / / / End of Order / / /  
23  
24

25 /s/ Roger W. Bailey  
26 ROGER W. BAILEY (WSBA 26121)  
27 Bailey & Busey PLLC  
28 Counsel for All Services

29 \\Diane-pc\e\USB 3.0 PC Card Adapter\ALL SERVICES, INC-170\Bankruptcy-  
30 2012002\Pleadings\Disclosure Statement\Findings of Fact & Conclusions of Law - 073013.doc  
31  
32  
33  
34

  
411 North 2nd St.  
Yakima, Washington, 98901  
(509) 248-4282

**FINDINGS OF FACT &  
CONCLUSIONS OF LAW**